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## FISCAL IMPACT REPORT

SPONSOR: SCORC DATE TYPED: 03/15/01 HB  
 SHORT TITLE: Museum Property Tax Exemption SB CS/858/aSFI #1/aSFI #2  
 ANALYST: Williams

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		No Fiscal Impact		

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Senate Floor Amendment #2

The amendment strikes the previous Senate floor amendment and indicates that the museum must be used to provide educational services and must grant free admission to each student attending a public school in the county in which the museum is located.

#### Synopsis of Senate Floor Amendment #1

The amendment makes a technical correction and provides that the museum must provide educational services to qualify for the property tax exemption.

#### Synopsis of SCORC Substitute

The bill authorizes a property tax exemption for non-profit museum property. Specifically, the museum must be granted an exemption from federal income tax as a 501(c)(3) organization. The provisions are effective beginning property tax year 2002.

#### Synopsis of Original Bill

Relating to the public peace, health, safety and welfare.

#### Significant Issues

This property tax exemption would impact the Georgia O'Keeffe Museum, Wheelwright Museum, Spanish Colonial Arts Society and Rancho de las Golondrinas near Santa Fe as well as Millicent Rogers Museum in Taos. The Santa Fe Institute the School of American Research in Santa Fe and the Hubbard Museum in Ruidoso may already be exempt. In addition, any other current or future qualifying museums would be able to take advantage of this exemption.

### **FISCAL IMPLICATIONS**

No significant fiscal impact for state or local governments. The percentage of the state total property tax base is expected to be quite small. In addition, the tax burden would shift away from the targeted museum properties to other property taxpayers.

### **TECHNICAL ISSUES**

TRD cites Article VIII, Section 3 of the New Mexico Constitution which provides for exemption of real property and references AG Opinion No. 6267, August 30, 1955 that states: "It is obvious that the Legislature may neither enlarge nor diminish the exemptions granted in and by this section".

TRD notes "if the real property of tax-exempt museums is property used for educational purposes, then there is no need for this bill. If that property is not educational, then the Legislature does not have the authority to exempt it."

AW/njw:ar